



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, April 27, 2010 -1:00 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:00 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Marjorie Berte represented the Secretary of Business, Transportation and Housing Agency.

Cynthia Bryant represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Bill Leonard, Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Molly Arnold, Paula Connors and Diane Cummings.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

- He was invited by the National Chamber of Commerce in Washington D.C. on April 12-14, 2010 to participate in the second in a five part series to discuss the differences between the European Infrastructure Banks and the California I-Bank models.
- Fitch Ratings recently announced that it was re-calibrating its bond ratings for state and local governments. The impact of the recalibration on the I-Bank is that the ratings for the State School Fund Emergency Apportionment Lease Financing Bonds for Oakland, Vallejo and West Contra Costa Unified School Districts were raised from BBB- to BBB+ on April 15, 2010.
- The I-Bank's four financial advisory firm contracts are set to expire June 20, 2010. Staff has completed a Request for Qualifications, which was sent out April 22, 2010. Proposals are due May 5, 2010 and staff hopes to bring a selection recommendation to the Board at the May board meeting.
- The last California Financing Coordinating Committee funding fair will be held on May 6th. The CFCC is an organization of State and Federal agencies that work together to provide information and assistance on programs that finance public and private infrastructure.
- In September 2009 and January 2010 the I-Bank received an application for Poseidon Resources (Channelside) LLC. Poseidon is seeking approval of exempt facility bonds in an amount not to exceed \$530 million, and the project is moving forward and has been given an allocation from the California Debt Limit Allocation Committee. Staff anticipates bringing this financing to the May board meeting.

Consent Items:

3. Approve minutes from the meeting held on March 23, 2010.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Ms. Bryant moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were unanimously approved.

Action Items:

4. Resolution No. 10-15 approving the execution of a Master Loan Agreement, among Univest National Bank & Trust, as Lender, the California Infrastructure and Economic Development Bank, as Issuer, and Solar Atmospheres of California, Inc. and Ontario Technical Associates, LLC, jointly as Borrower, for the purpose of loaning an amount not to exceed \$7,350,000 (approximately \$6,750,000 of which will constitute a tax-exempt industrial development bond for federal tax law purposes) to the Borrower to finance the acquisition and equipping of an economic development facility in Fontana, California.

Ms. Connors presented a staff report describing the request to finance up to \$ 7,350,000 in tax-exempt industrial development revenue bonds for Solar Atmospheres of California and Ontario Technical Associates, LLC (Co-borrowers). She explained that the financing is to be used for the acquisition of a 21,750 square foot building on 2.5 acre parcel in Fontana and to purchase and install new equipment, which includes vacuum furnaces. Ms. Connors indicated that Solar Atmospheres is a processor of commercial heat-treated metal parts for the medical, aerospace and automotive industries and operates four plants in Pennsylvania. The company is expanding into California, and the San Bernardino County Board of Supervisors has approved a general plan amendment and conditional use permit for the project. Ms. Connors then introduced Sam Balisy from Kutak Rock, bond counsel.

Chairwoman Berte called for questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No. 10-15. Mr. Lujano moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution.

5. Resolution No. 10-16 approving the sale, issuance and delivery of tax-exempt and taxable 501(c)(3) bonds for the benefit of the Sanford Consortium for Regenerative Medicine, a nonprofit corporation, to finance an economic development facility in La Jolla, California.

Ms. Connors presented a staff report describing the request for up to \$ 62,000,000 in tax-exempt 501(c)(3) revenue bonds for the Sanford Consortium for Regenerative Medicine, a 501 (c)(3) nonprofit formed by Sanford-Burnham Medical Research Institute, the Salk Institute for Biological Studies, The Scripps Research Institute, and The Regents of University of California to be used to construct a 145,087 square foot biomedical research facility, where researchers from multiple disciplines from the participating organizations can work in teams to do stem cell research, develop tools to treat disease and bring those clinical applications to market more

quickly. She explained the project includes a four-story laboratory facility over a basement that will house a vivarium, imaging suite, and auditorium on property to be leased from The Regents of the University of California. Ms. Connors indicated that Sanford Consortium was formed in March 2006 specifically to facilitate collaborative stem cell research among the participating organizations. Ms. Connors introduced Louis Coffman, Executive Director of the Sanford Consortium and John Wang, bond counsel from Orrick, Herrington & Sutcliffe LLP.

Ms. Connors explained that, although bond counsel had advised staff that the April 23, 2010 TEFRA hearing was sufficient for tax law purposes, staff will be undertaking an additional, broader publication of the TEFRA notice in the San Diego Union Tribune and will be holding an additional hearing on May 3, 2010, in order to comply with usual I-Bank practices. In the event any objections to the Project are received, staff will return the project to the Board.

Chairwoman Berte called for questions or comments from the Board and the public. Ms. Berte asked for clarification on the conditional adoption of the resolution regarding an additional TEFRA hearing. Staff explained that the condition is contained within the proposed resolution, in Section 3.

Chairwoman Berte called for any further questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-16. Mr. Lujano moved to approve the resolution and Ms. Bryant seconded the motion. The resolution was approved by four of the five Board members. Mr. Rice abstained.

6. Resolution No. 10-17 approving an amendment to certain definitions of terms used in the financial covenants contained in the Trust Indenture dated October 1, 2001, as heretofore supplemented and amended, entered into among the California Infrastructure and Economic Development Bank, as Issuer, and Union Bank of California, N.A., as Trustee, related to the California Infrastructure and Economic Development Bank Revenue Bonds, Series 2001 for the benefit of the YMCA of Metropolitan Los Angeles.

Ms. Connors presented a staff report describing the request of the Young Men's Christian Association of Metropolitan Los Angeles (YMCA of LA) to amend the Trust Indenture dated October 2001 to amend the definition of "Funds Available for Debt Service," a term used in the Loan Agreement for the transaction, to realign the calculation with current accounting rules. Ms. Connors advised the Board that there were no representatives from the organization at the meeting.

Chairwoman Berte called for questions or comments from the Board and the public. Mr. Rice asked Ms. Arnold whether the amendment would have any material, adverse impacts on the bondholders. Ms. Arnold responded that to her knowledge this amendment reflected an accounting change approved by the bond insurer and that there should be no material, adverse impacts to the bondholders as a result of this amendment because the bonds remain insured.

Chairwoman Berte called for any further questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-17. Ms. Bryant moved to

approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

7. Resolution No. 10-18 approving an Infrastructure State Revolving Fund Program financing for the North Tahoe Fire Protection District in an amount not to exceed \$10,000,000 to finance the North Tahoe Fire Protection District Public Safety Center Project, a public development facility located in the County of Placer.

Ms. Cummings presented a staff report describing the financing proposal for North Tahoe Fire Protection District in the amount of \$10,000,000. She stated funds from the loan would finance the design and construction of the North Tahoe Fire Protection District Public Safety Center Project that will include: a new fire station with dormitories to accommodate male and female fire safety personnel; fitness and meeting rooms; a five double-deep bay equipment/vehicle garage and equipment storage area to accommodate additional emergency vehicles; administrative offices; and 39 parking spaces. Ms. Cummings also indicated the project will be equipped with solar technology, state of the art communication and is eligible for LEED certification, and that the project will be located on land lease from the Tahoe City Public Utility District. Ms. Cummings introduced District staff: Nita Wracker, CPA and Administrative Manager; Peter Poe, Assistant Chief; Ron McIntyre, Project Manager; and, Beth Miller, Bookkeeper.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No.10-18. Mr. Rice moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution.

8. Resolution No. 10-19 reflecting the Board's review of and approval of clarifications and changes to the I-Bank's Investment Policy.

Ms. Cristia-Plant presented a staff report recommending proposed amendments to the I-Bank's Investment Policy. She explained the background of the initial adoption of the Investment Policy by the Board in March 2006 and that the policy was subsequently reviewed by the Board in March 2007 and March 2008 without any amendments. She further explained that staff has completed a thorough review of the current policy and obtained expert assistance with the review from the I-Bank's consulting investment advisor, Bond Logistix LLC, and consulting financial advisor, Public Financial Management. Ms. Cristia-Plant concluded by saying that staff was now requesting the Board to consider proposed clarifying changes to the policy, and described in general terms the various amendments staff was proposing to the policy.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-19. Mr. Leonard moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairwoman Berte called for any other business; there was none.

Public Comment.

Chairwoman Berte called for any public comment; there was none.

Adjournment.

Chairwoman Berte declared the meeting adjourned at approximately 1:34 p.m.